INFRONT ASA
Q4 2018 Results
12 February 2019
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Presenters and agenda

Agenda

• Q4 2018 Highlights
• Market Connect
• Operations Review
• Financial Review
• Summary

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Q4 2018: Delivering on M&A strategy and revenue growth

- Acquisition of Market Connect in Italy to expand European market share
- Revenue at NOK 70.8 million, up 7% from NOK 65.8 million in Q4 2017
  - Revenue adjusted for FX translation effects YoY was NOK 72.7 million (+10%)
  - Strong performance in South Africa and UK and new sales in Finland
  - Positive contribution from Web Technology and Six Edge migration
- Adjusted EBITDA of NOK 12.0 million compared to NOK 13.9 million in Q4 2017 *
- 5% increase in number of paying terminals and solutions users

*) EBITDA Q4 2018 adjusted for impact from Market Connect transaction related cost and other income of NOK 5.3 million, while EBITDA Q4 2017 adjusted for IPO-related cost and other income of NOK 6.2 million.
Infront maintains its long-term strategic ambitions

1. Strengthen position in the Nordics
2. Growth in new and newly established markets
3. Product R&D
4. European expansion through M&A

Become a top 3 vendor of terminals to finance professionals in Europe
Market Connect acquisition strengthens European market position

- Delivering on M&A strategy
  - Leading mid-tier financial data provider in Italy
  - Complementary business and operations
  - Significant increase in number of professional and retail customers
- Platform for growth in Italy and surrounding markets
- Approximately NOK 125m of annual revenue –
  - Adds more than 40% to Infront’s 2018 group revenue
- Initial agreed purchase price of EUR 8.5 million financed through cash holdings and NOK 60 million loan
  - Transaction completed 20 December 2018*
- Value-accrative transaction even before synergies

*) Market Connect will be included in the consolidated income statement as of 1 January 2019, while the transaction is reflected in the Consolidated statements of financial position and cash flow as of 31 December 2018
Market Connect contributes significantly in revenue from new customer base

**Market Connect Customer base**
Banks, brokers, asset managers, financial institutions and data vendors

**Market Connect paying users by product**

**Market Connect revenue by product**

- Feed: 72%
- Web: 20%
- Terminal: 8%
Obtained access to new product portfolio through Market Connect acquisition

- Strategic agenda for initial 12 months of ownership
  - Integration of operations
  - Cost synergies related to data sourcing
  - Initiate efforts to sell Infront products in Italian market

- Broad product portfolio offered by Market Connect
  - Real-time and historical market data of Borsa Italiana, international exchanges and others
  - Real-time announcements and documents sourced from listed companies and issuers
  - Reference Data, Corporate Actions, Post-trade data for listed and unlisted instruments
  - Company Filings (annual reports, etc.) and Enterprise Data (fundamental data, etc.)
  - Client Server terminals / Browser Based services
  - Solutions for Market Abuse Compliance
OPERATIONAL REVIEW
Terminals and Solutions - Progress across regions and services

- **Number of paying users increased 5% YoY**
- **Continued strong revenue growth** in South Africa and UK in line with ambition to grow in new markets
  - Chosen to provide web market data and trading solutions to leading South African broker Legae Peresec
- **Handelsbanken Web solution launched successfully** with initial invoicing in December 2018
- **Revenue of NOK 47.9 million, up 10% from Q4 2017**
  - ~59% of segment revenue in SEK

*) User growth data excludes impact of Market Connect acquisition
News, Analytics & Other - Stable performance

• **Revenue growth of 2% YoY** for News division
  - 83% of segment revenue in SEK
  - Infront News has launched new services aimed at selected market segments to drive growth
  - In Norway, TDN Direkt will broaden its offering to the market in early 2019

• **Analytics and Other division revenue increased 1% YoY**
  - Organic growth for Infront Analytics and revenue synergies from Infront Data integration
  - Nordic Core Consensus launched
  - Nordic Core Consensus in process of being onboarded as a research provider to terminal users
Q4 2018 financial highlights

- Revenue of NOK 70.8 million – up 7% from NOK 65.8 million in Q4 2017
  - Revenue adjusted for foreign exchange translation effects increased 10% to NOK 72.7 million
  - 63% of Q4 2018 revenue was recognized in foreign currency
  - 99% was recurring subscription revenue
- Adjusted EBITDA of NOK 12.0 million compared to NOK 13.9 million in Q4 2017
- Adjusted EBITDA margin of 16.9% compared to 21.2% in Q4 2017

*) EBITDA Q4 2018 adjusted for impact from Market Connect transaction related cost and other income of NOK 5.3 million, while EBITDA Q4 2017 adjusted for IPO-related cost and other income of NOK 6.2 million.
Growth investments and FX headwinds impacted EBITDA

- 7% YoY revenue increase on organic growth and SIX acquisition, partly offset by FX headwinds
- Gross margin fairly stable YoY
- Adjusted Opex increased YoY due to a larger customer base, geographic expansion, combined with increased investments in sales and product development
- Adjusted EBITDA declined YoY on FX effects and OPEX investments. 8% improvement compared to Q3.

*) Adjusted for IPO and M&A-related costs incurred and one-time adjustment for impairment (of acquired SIX contracts)
**) Adjusted for one-off accounting effect and one-off customer credit in Q4-17 revenues of NOK 67.4 million – adj. for one-off accounting effect OPEX in Q4-17 of NOK 52.9 million
Mixed regional revenue development

- **Norway**: Revenue of NOK 26.4 million, a decrease of NOK 0.8 million YoY mainly due to a contract loss in non-core business segment.

- **Sweden**: Revenue at NOK 36.6 million, up NOK 3.1 million or 9% YoY. Driven by the SIX and Infront Data transactions, and continued overall positive operational developments. Revenue adjusted for FX effects was NOK 38.3 million.

- **Other regions**: Revenue increased NOK 2.6 million, or 50%, YoY to NOK 7.8 million on organic growth outside the Nordic region and reallocation of revenues to newly established offices.

- **Revenue per Segment**: Terminal and Solutions revenue up 10% YoY due to organic growth and new Infront web technology sales. News and Analytics segments up 2% and 1%, respectively, YoY.
Cash position remains strong after successful M&A transaction

- **Operating CF:** NOK 35.0 million
  Profit before tax of NOK 21.7 million. Other cash inflow of NOK 13.3 million is due to a combination of decreased depreciation and payables, and a slight increase in receivables.

- **Investing CF:** Negative NOK 118.8 million
  NOK 23.3 million paid for the remaining stake in Inquiry and SIX related transactions. NOK 84.6 million paid for the acquisition of Market Connect. NOK 11.0 million of capex & capitalized R&D and receipt of government grants.

- **Financing CF:**
  Dividend of NOK 10.4 million paid in Q2 2018. Loan Facility of NOK 60.0 million received in order to finance the acquisition of Market Connect.

- **End of the year cash position:** NOK 87.0 million
Strong balance sheet provides strategic and financial flexibility

- Stable NOK amount of total R&D expenses capitalized over time, resulting in stable activated R&D levels and depreciation
- Goodwill and customer contracts relate to recent acquisitions of SIX, Inquiry and Market Connect operations
- Financial liabilities represent calculated value of outstanding payments over next five years to SIX and debt financing of the Market Connect acquisition
Summary

- Continued user growth supports underlying base of recurring subscription revenue
- Sales pipeline expanding in all regions and supports organic growth ambitions
- European market position strengthened with the acquisition of Market Connect
- Continuing to pursue M&A targets

*) Adjusted for one-off accounting effect in Q4 2017
Q&A

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Next Quarterly Report

• Q1 2019 to be published on 15 May 2019

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